

Message Text

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12

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /099 W

----- 067795

R 090431Z JUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5530

INFO AMCONSUL HONG KONG

AMCONSUL MEDAN

AMEONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 8981

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJECT: USG TAXATION OF INCOME FROM OVERSEAS OPERATIONS OF US OIL
COMPANIES

REF: A) STATE 166673, B) JAKARTA 7508

1. APPRECIATE REPLY CONTAINED IN REF A. AS PRACTICAL
MATTER, WE NOW BELIEVE NEED FOR SOME FORM OF COORDINATION
AT THIS END IS NO LONGER AS URGENT IN LIGHT OF RECENT VISIT
BY ROGERS AND WELLS' LAWYERS GRANT AND FISHER. ACTION ON
THIS MATTER APPEARS TO HAVE SHIFTED TO WASHINGTON.

2. OFFICIAL IN GOI DEPARTMENT OF MINES RECENTLY TOLD
EMBOFF THAT GOI HAS ADVISED ROGERS AND WELLS THAT CHANGES
PROPOSED BY GRANT AND FISHER IN LANGUAGE OF PRODUCTION-
SHARING CONTRACT ARE ACCEPTABLE TO INDONESIANS. THESE
CHANGES INVOLVE: A) MODIFICATION IN PAYMENTS MECHANISM SO
THAT COMPANIES PAY DIRECTLY TO DEPARTMENT OF FINANCE,
B) TEMPORARY TRANSFER OF TAX OIL AT POINT OF EXPORT SO THAT
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COMPANIES HAVE TITLE TO OIL WHEN THEY MAKE TAX PAYMENTS

TO GOI, C) REVISION OF COST RECOVERY CEILING. ROGERS
AND WELLS HAS DISCUSSED THESE PROPOSED CHANGES WITH
OIL INDUSTRY REPRESENTATIVES IN U.S. WHO CONCUR. NEXT STEP
APPARENTLY WILL BE REQUEST BY US TAX SUBJECT FOR
IRS RULING BASED ON PRESENTATION OF NEW SET OF
FACTS.
NEWSOM

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: JAKARTA
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Margaret P. Grafeld
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04 MAY 2006

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To: STATE
Type: TE
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